RANDALL SCHOOL LEASE WITH PURCHASE OPTION

THIS LEASE WITH PURCHASE OPTION ("Lease") by and between the **District of Columbia Public Schools ("DCPS")**, and **Millennium Arts Center, Inc., a non-profit corporation incorporated in the District of Columbia ("Millennium")**, made and entered into as of the date of its execution by DCPS,

WITNESSETH, that for and in consideration of the rent to be paid and the covenants and agreements herein, DCPS has agreed to and does by these presents lease and let unto Millennium, and Millennium has agreed to take and does hereby take and hold as tenant the Premises described in Article 1 hereof, with an option to purchase the Premises in accordance with the terms herein,

AND IT IS HEREBY MUTUALLY AGREED, COVENANTED AND UNDERSTOOD by and between DCPS and Millennium as follows:

1. DESCRIPTION OF THE PREMISES

The premises covered by this Lease ("Premises") are known as Randall Junior High School, 820 Half Street, S.W., Washington D.C. All references to the Premises herein refer to the entire land area and all buildings at this location. The legal description of the Premises is attached as Exhibit A.

2. TERM OF LEASE

(A) The term of this Lease shall be a period of ten (10) years, commencing on the later of January 1, 2000 or full execution of this Lease by Millennium and DCPS.

(B) Millennium may occupy the Premises immediately after full execution of this Lease. Millennium shall enter into subleases with the existing tenants: Catholic Charities of D.C., the existing tenant of the gymnasium facilities, and the D.C. Department of Human Services, the existing tenant of certain areas of the Premises. These subleases shall allow the existing tenants to continue to occupy those facilities on a month-to-month basis upon payment of fair market rent. Whenever these facilities are vacated by the existing tenants, Millennium shall have full occupancy of them for the remainder of the term of this Lease.

3. OPTION TO PURCHASE

(A) Millennium may purchase the Premises at any time during the Lease term for an amount equal to FOUR MILLION NINE HUNDRED NINETY-FIVE THOUSAND DOLLARS ($4,995,000) increased by three percent (3%) for each full twelve months between the effective date of this Lease and the date of the closing. Millennium shall purchase the Premises in "as is" condition. DCPS shall convey fee simple title, marketable, insurable, and free of encumbrances not reasonably acceptable to Millennium, but subject to the following conditions:

BZA
Case No. 17110
Exhibit No. 10

Board of Zoning Adjustment
District of Columbia
CASE NO. 17110
EXHIBIT NO. 10

(1) Millennium shall continue to use the Premises for the purposes specified in this Lease for at least ten (10) years after Millennium purchases the Premises; and

(2) DCPS may repurchase the Premises, either by (a) exercising a right of first refusal within ninety (90) days after notice from Millennium, if Millennium offers the Premises for sale during the ten (10) years after Millennium purchases the Premises, or (b) exercising an option to repurchase at appraised value based on use for the purposes specified in this Lease if Millennium violates the use limitation condition described in the previous subparagraph.

(B) Millennium may exercise this option by depositing One Hundred Thousand Dollars ($100,000) with an escrow agent, which shall be a title insurance company of its choice, and notifying DCPS of its intention to exercise this option and providing a copy of the title insurance commitment and the escrow agent's confirmation that the funds have been deposited.

(C) (C) Closing shall take place ninety (90) days after notice is received by DCPS and the parties agree on a purchase price, or at such later date as the parties may choose, but not later than one year after notice is received by DCPS. If the parties are unable to close during this one-year period, the option shall be void, and this Lease shall continue in effect as if the option had not been exercised.

4. AUTHORIZED USE OF THE PREMISES

The Premises will be used as a Center supporting the arts and related non-profit organizations in Washington, D.C. Millennium may sub-lease portions of the Premises to artists, arts organizations, and related non-profit and support organizations, all of which are authorized uses of the Premises.

5. RENT

(A) The base rent for the Premises, with adjustments as stated below, shall be as follows:

(1) First year	$ 60,000, payable $10,000 / month beginning with the 7th month
(2) Years Two and Three	$180,000, payable $15,000 / month
(3) Year Four	$240,000, payable $20,000 / month
(5) Year Five	$300,000, payable $25,000 / month

(B) After Year Five, the rent shall escalate by two percent (2%) annually over the previous year's rent.

(C) Rent shall increase by the amount of $60,030/year, payable in equal monthly installments of $5002.50, beginning on the first day of the month following the

vacation of the gymnasium facilities by Catholic Charities or January 1, 2007, whichever date is later.

(D) Rent is net of any and all expenses of maintenance, operating expenses, taxes, and utilities, all of which shall be the sole obligation of Millennium, as described in detail below. Rent shall however be reduced by such amounts as Millennium spends on capital improvements to the Premises approved and constructed in accordance with Article 13 below except that (1) rent reductions because of capital improvements shall not exceed $50,000 per year or a cumulative total of $250,000, (2) Millennium shall pay rent of at least $1,000 every month, and (3) any amount not able to be deducted in a particular month or year because of the limitations in this paragraph may be carried forward and deducted from rent in subsequent months or years. Millennium shall provide satisfactory evidence to DCPS that any claimed capital improvements (1) have been completed, (2) have been fully paid for, either in cash or by in-kind donation, and (3) have satisfied applicable inspection and certification requirements, prior to credit being taken against rent due.

(E) Immediately upon the full execution of this Lease, Millennium shall deposit $10,000 as a security deposit for proper care and maintenance of the Premises. DCPS shall hold the deposit until the expiration or termination of this Lease and apply the $10,000 to any necessary restoration resulting from Millennium's failure to maintain the Premises in accordance with its obligations under the Lease. Any remaining funds (not including any interest on the deposit), after full payment of rent and other obligations of Millennium hereunder, shall be returned to Millennium.

(F) Rent payments will be due on the first day of each month, in advance, as rent for the next ensuing month. Payment shall be by check or money order made payable to "D.C. Public Schools" and shall be delivered to the DCPS Real Estate Officer.

6. CONDITION OF THE PREMISES

(A) Millennium has inspected the Premises to its satisfaction and accepts the Premises "as is," recognizing that the credit against rent for capital improvements is full compensation for any and all conditions of the Premises that may need correction, remediation, or improvement to satisfy legal requirements or make the Premises habitable or fit for their intended use.

(B) Millennium agrees to take all reasonable and necessary steps to improve the Premises to comply with all applicable legal requirements and make the Premises suitable for occupancy and use in accordance with the terms of this Lease.

7. SUBLEASES AND ASSIGNMENTS

Millennium shall not assign this Lease except to a related party, nor allow subtenants to use the Premises for any purposes other than those authorized in this Lease, without the consent of DCPS.

8. UTILITIES AND MAINTENANCE EXPENSES

Millennium shall arrange for provision of and pay for all utilities and services consumed in or for the benefit of the Premises, including but not limited to heating fuel, air conditioning, electricity, internal and external lighting, water, sewer services, gas, trash removal, security services, janitorial services, and window cleaning services. On or before taking occupancy of the Premises, Millennium shall make arrangements with the utility companies to have appropriate accounts established in Millennium's name for the utilities to be supplied to the Premises and provide quarterly proof of payment to DCPS. Millennium shall also pay other related indirect costs and other items of expense that may arise from the occupancy of the Premises and are not specifically mentioned in this Lease.

9. LICENSES AND PERMITS

Millennium shall obtain, maintain, and pay for all zoning variances, licenses, and permits required for Millennium's use and occupancy of the Premises. Upon request, Millennium shall provide evidence of compliance to the DCPS Real Estate Office.

10. COMPLIANCE WITH LAWS AND REGULATIONS

Millennium shall comply with all applicable laws, regulations, and orders now in effect or hereafter made effective by any governmental authority with respect to the Premises and its occupancy and use, at Millennium's own risk, cost and expense, including payment of all applicable fees. Millennium shall indemnify and save harmless DCPS, the District of Columbia, and their agents and employees from all penalties, claims, and demands, resulting from Millennium's non-compliance with such laws, rules and regulations. Upon direction from DCPS, the Chief of Police, the Fire Chief, or any of their authorized agents, Millennium shall forthwith correct, eliminate, or remove from the Premises any condition that in their opinion constitutes a hazard.

11. IMPACT ON SURROUNDING COMMUNITY

(A) **SOUND** Millennium shall protect the adjoining neighborhood from disturbance from sounds. All outside radios, public address systems, high fidelity sound systems, intercom systems, and other similar sound magnification shall be so located and operated as to be inaudible from the exterior perimeter of the Premises. Exterior shouting, truck traffic, loading and unloading of trucks shall be kept to a minimum, particularly between the hours of 9:00 p.m. and 8:00 a.m.

(B) **SIGNS** No signs shall be erected on the exterior of the Premises without the approval of DCPS, which approval shall not be unreasonably withheld or delayed.

(C) **LIGHT** If artificial lighting is used on the exterior of the building, it shall be directed so that no light is directly projected beyond the limits of the Premises. No flashing or neon lights shall be erected on the exterior.

(D) **EXTERIOR APPEARANCE** Millennium shall allow exterior parking of motor vehicles only on paved areas of the Premises and only in a neat and orderly fashion. Packing crates or moving equipment shall not be placed on the grounds, except for deliveries. The grounds shall be cleaned of all refuse daily or more frequently if directed by DCPS. The grass shall be mowed and trimmed weekly during the growing season (June through September). All shrubs shall be trimmed, consistent with good practices for the size and variety of shrubs. Fallen limbs and trees shall be promptly removed. Millennium will keep the sidewalks, approaches, and steps that are adjacent to or a part of the Premises free from obstructions of all nature, properly swept, and free of snow and ice.

(E) **NUISANCE** Millennium shall not use or allow or suffer the Premises to be used in such a manner as to constitute any annoyance, nuisance, or violation of any law or municipal ordinance or regulation.

12. MAINTENANCE

(A) Millennium shall, at its own cost and expense, maintain and keep the Premises in good repair and attractive and sanitary condition including all improvements thereon, appurtenances thereto, grounds, paved areas, walks, roadways and any and all other portions of the Premises including adjacent public space out to the curb line. The Premises shall at all times be kept secure from trespassers and in reasonably presentable exterior condition.

(B) DCPS may notify Millennium of any required maintenance or repairs as aforesaid and if Millennium fails to make such repairs or perform such maintenance within sixty (60) days of receipt of notice to do so, then DCPS may make such repairs or perform such maintenance as may be necessary. Millennium shall reimburse DCPS for the cost of such work. In an emergency, DCPS may give notice that it will take action in less than sixty (60) days, depending upon the exigencies of the situation.

(C) Millennium shall use reasonable care in the occupancy and use of the Premises and shall at all times avoid and prevent waste and abuse of the Premises. All work on the Premises shall be subject to inspection, examination, and test by DCPS representatives at any and all times during the execution of such work.

13. ALTERATIONS AND IMPROVEMENTS

DCPS authorizes Millennium, subject to DCPS's advance approval, which approval shall not be unreasonably withheld, to make alterations to, changes in, or additions or improvements to, the Premises. The capital improvements (with their estimated cost) listed in Exhibit B are approved by DCPS by the execution of this Lease by DCPS. All capital improvements shall conform to the DCMR Building Code and all other applicable substantive, procedural, and permit requirements. DCPS shall review and act upon requests for approval of other capital improvements within ninety (90) days after submission. Any alterations, changes, additions or improvements made by Millennium shall become and remain the property of DCPS upon expiration of this Lease or any extensions thereof. Notwithstanding the previous sentence, Millennium shall remove at its sole cost any alterations, changes, additions or improvements if DCPS so requests.

14. UTILITY LINES

Millennium may, at its sole cost and expense, make temporary adjustments to electric power and other utility lines on the Premises, with the permission of the owners of said lines. Millennium shall promptly furnish DCPS with copies of such permission. Any permanent relocation of the electric power or other utility lines shall be approved in advance by DCPS, which approval shall not be unreasonably withheld or delayed.

15. DISTRICT AND DCPS INSPECTION, REPAIRS, AND TESTS

(A) Millennium shall allow the District of Columbia Government and DCPS or their agents to have access to and enter upon the Premises or any part thereof at all reasonable times for inspection purposes. No claim, action for damage or setoff of rent by reason of or on account of such entry shall be made, had or allowed.

(B) DCPS, the District of Columbia Government, and United States Government or their agents may enter upon the Premises at any time for the purpose of conducting such soil tests, engineering surveys or other work as may, in the discretion of DCPS, be necessary in connection with any contemplated repairs or public development thereof, or in connection or repair or development of adjacent DCPS, District, United States, or other public property. No damages may be assessed against DCPS for the time that access to any part of the Premises is denied Millennium. Millennium's obligation to pay rent shall abate proportionately during any time that access to any part of the Premises is denied Millennium.

16. ASSUMPTION OF RISK

All property, activities or conditions of any kind or nature whatsoever that may be in, upon or about the Premises at any time during the term of this Lease or any

renewal or extension hereof shall be at the sole risk and hazard of Millennium or those claiming by, through, or under Millennium unless otherwise provided herein.

17. INDEMNIFICATION

(A) Millennium shall indemnify and save harmless the District of Columbia Government, DCPS, and their agents and employees, from all penalties, claims and demands resulting from Millennium's use and occupancy of the Premises, and in the conduct of its operations on said Premises.

(B) The District of Columbia, DCPS, and their agents and employees shall not be liable to Millennium, or any person, for accident, injury, loss, or damage to any person or property while in, upon, or entering or leaving said Premises at any time during the term of the Lease or any renewal or extension hereof, from any cause whatsoever, and all claims therefor are hereby released as to the District of Columbia Government and DCPS, who may plead this release to bar any and every suit, demand and claim for same.

18. INSURANCE

(A) Millennium shall, at Millennium's own cost and expense, provide, maintain and keep in force at all times during the term of this Lease and any renewals or extensions hereof, insurance covering the Premises and the sidewalks bordering thereon with not less than the following maximum limits of liability:

Public Liability Insurance - for bodily injuries or death sustained by one person $1,000,000, with a total limit of liability for bodily injuries or death sustained by more than one person in any one accident $3,000,000.

Property Damage Insurance - for any one incident $1,000,000 and $2,000,000 aggregate.

Increase in Limits - In order to adjust for inflation during the term of this Lease, DCPS may require Millennium to increase the insurance limits for liability and property damage. If Millennium objects to any increased limits of liability requested by DCPS, the new limit will be established by applying the increase to the Consumer Price Index to the original limits and rounding upward to the nearest $10,000.

Fire and Extended Coverage - Millennium shall provide fire and extended coverage equivalent to 100% of the replacement cost of the property and improvements.

(B) Millennium shall require its insurer to provide DCPS annually with a certificate of insurance and a statement that the premiums have been paid. The District of Columbia shall be named as an additional insured, and the policies shall be issued

and in effect at the time of occupancy. Millennium shall deliver to DCPS copies of all policies of insurance required by the provisions of this Lease upon request.

(C) Millennium shall not do, permit, or suffer any act or thing in or upon the Premises that would make any insurance required under the terms of this Lease void or voidable. All insurance policies shall contain a provision that the said policies may not be changed or canceled for any reason until thirty (30) days after written notice of such proposed changes or cancellation has been received by DCPS and DCPS has expressly consented thereto. Cancellation of the insurance without DCPS consent is a default under this Lease.

19. DAMAGE BY FIRE OR OTHER CASUALTY

If destruction or damage renders the Premises untenantable, as determined by DCPS and Millennium, DCPS may terminate the Lease by giving notice to Millennium within fifteen (15) days after it learns of the destruction or damage, except that Millennium may choose to make repairs, subject to DCPS's approval, which approval shall not be unreasonably withheld. If such damage occurs, the rent shall be evaluated and adjusted according to the nature and extent of the damage sustained by the Premises taking into account the ability of Millennium to conduct its business, effective from the day of such destruction or damage.

20. OFFICIALS NOT TO BENEFIT

No member of or delegate of Congress, the Mayor, members or any officials of the Government of the District of Columbia, or any other officials of DCPS, its agents, or employees, shall be admitted to any share or part of this Lease or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this Lease if made with a corporation for its general benefit.

21. RANDOLPH-SHEPPARD ACT

This facility is subject to the provisions of the Randolph-Sheppard Act, Public Law 732, 74th Congress, as amended, codified as 20 U.S.C. §107 (and related provisions), which Act is hereby incorporated into this Lease by reference.

22. AUTHORITY TO LEASE

DCPS warrants that the Premises have been dedicated for its exclusive use and further warrants that, upon the approval of the Authority, it has the right to enter into this Lease without the joinder of any other party.

23. NO CONVEYANCE

Except as provided in the Option to Purchase above, nothing in this Lease shall be construed as the conveyance or transfer of any rights in the Premises beyond the term of this Lease and any extensions hereof.

24. LIENS AND ENCUMBRANCES

Millennium shall have no power, right or authority to create, permit, or suffer the imposition of any lien, claim, or indebtedness of any kind or nature involving or affecting, the Premises or any part thereof, or any interest of DCPS or Millennium therein, or in this Lease. Millennium's creation, permitting, or suffering of any such lien, claim, or notice is a default under this Lease.

25. JUDGMENTS AND DEFAULTS

(A) The following are events of default under the lease and any renewal or extension thereof, in addition to those events specifically identified elsewhere in this Lease:

(1) failure to pay the rent when and the same becomes due and payable, although no demand may have been made for it;

(2) failure, neglect, or refusal to keep any covenant on the part of Millennium;

(3) suffering or permitting a final judgment or decree for the payment of money to be entered against Millennium that is not superseded or discharged within thirty (30) days after its entry, unless appealed;

(4) Millennium's insolvency, any act of bankruptcy, adjudication of bankruptcy, appointment of a receiver or trustee in bankruptcy, an assignment for the benefit of creditors, or levy of execution against Millennium's interest in this Lease, or if any suit should be successfully prosecuted against Millennium which involves the possession of the Premises.

(B) No waiver of any default or breach of any covenant, condition, or agreement herein shall operate as a continuing waiver of such default or covenant, condition or agreement of this Lease.

(C) If after thirty (30) days' notice to Millennium, Millennium fails to cure the default or to obtain a stay, Millennium's right of possession shall thereupon cease and terminate and DCPS shall be entitled to the possession of the said Premises and to reenter the same without further notice or demand for possession. DCPS may forthwith proceed to recover the possession of said Premises under and by virtue of the provisions of the law regulating proceedings between Landlord and Tenant.

(D) If DCPS reenters by process of law or otherwise, Millennium nevertheless remains answerable for any and all damages caused DCPS by an act of

Millennium. DCPS has a duty to make commercially reasonable efforts to re-let the Premises in the event it reenters.

26. COURT COSTS

Millennium agrees to pay all court costs and reasonable attorneys' fees (including the cost of services rendered by the D.C. Office of Corporation Counsel) incurred by DCPS in connection with successfully obtaining possession of the Premises or the successful enforcement of any covenant or agreement herein through legal proceedings.

27. NONDISCRIMINATION IN EMPLOYMENT

(A) Millennium will not discriminate against any employee or applicant for employment because of race, creed, color, sex, or national origin or any other grounds prohibited by United States or D.C. Law. Millennium will take positive steps to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, sex or national origin or any other grounds prohibited by United States or D.C. Law. Such steps shall apply to at least the following activities: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

(B) Millennium shall post in a conspicuous place, available to employees and applicants for employment, notices setting forth the requirements for conduct prescribed in this nondiscrimination article. Millennium will, in all solicitation or advertisements for employees placed by or on behalf of Millennium, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, sex, or national origin or any other grounds.

(C) Millennium will include the provisions of paragraphs (A) and (B) in every subcontract or purchase order unless exempted by rules, regulations, or orders of DCPS, so that such provisions will be binding upon each subcontractor or vendor. Millennium will take such action with respect to any subcontract or purchase order as the DC Real Estate Officer may direct as a means of enforcing such provisions, including sanctions for noncompliance. If, however, Millennium becomes involved in or is threatened with litigation by a subcontractor or vendor as a result of such direction by the contracting agency, Millennium may request DCPS to enter such litigation to protect Millennium and DCPS.

(D) Millennium's noncompliance with the nondiscrimination clauses of this Lease is a default under this Lease. Noncompliance may also result in Millennium being declared ineligible for further DCPS leases or contracts.

28. AMENDMENTS OR MODIFICATIONS

This Lease embodies the entire agreement between the parties respecting the Premises, and no oral agreements or correspondence shall be held to vary the provisions of this Lease. Any subsequent changes or modifications shall become effective only by a written instrument duly executed by DCPS and Millennium.

29. PARTIES BOUND

This Lease and every covenant, condition and agreement herein contained shall be binding upon the successors and assigns of the parties hereto.

30. DISPUTES

All disputes shall be resolved in accordance with the terms of this Lease in the same manner as other private disputes between landlord and tenants.

31. SURRENDER OF PREMISES

At the expiration or termination of this Lease or any renewals or extensions thereof, Millennium shall surrender the Premises in good condition and operating order, except for reasonable wear and physical destruction or damage due to fire (or explosion in connection therewith), riot, earthquake, lightning, the elements, other insured casualty, or Act of God. Millennium shall immediately remove any and all personal property belonging to Millennium that is located on the Premises.

32. NOTICES AND APPROVALS

(A) In addition to the provisions for certain notifications in Article 26, notices shall be sent to the parties by express mail or by hand delivery with evidence of receipt to the following addresses unless otherwise requested in writing.

For DCPS:

Gerald F. Cooke
Director, Real Estate Office
District of Columbia Public Schools
825 North Capitol Street, N.E., Suite 7122
Washington, D. C. 20002-4232

With a copy to (which does not constitute notice):

Samuel A. Bleicher, Esquire
Miles & Stockbridge P.C.
1140 Connecticut Avenue, NW
Suite 1212
Washington, D.C. 20036

For Millennium:

Millennium Arts Center, Inc.
William J. Wooby, President
1327 Corcoran Street, NW
Washington, DC 20009

With a copy to (which does not constitute notice):

Eugene M. Lawson, Jr., Esquire
Fletcher, Heald & Hildreth, P.L.C.
1300 North 17th Street – 11th Floor
Arlington, VA 22209

Millennium represents that its registered agent is the person listed above. Millennium shall promptly advise DCPS of the new name, address and phone number if the registered agent or official contact is changed from time to time.

(B) All notices or approvals required under this Lease shall be in writing. Oral notices or approvals are not valid.

33. BROKERAGE COMMISSION

The parties acknowledge that Jones Lang LaSalle is the listing broker and Harry Schnipper of International Realty Group is the sole co-broker with the listing broker. DCPS shall pay Jones Lang LaSalle its brokerage commission, and Jones Lang LaSalle will compensate International Realty Group in accordance with the contract between the brokers. Millennium shall indemnify and hold harmless DCPS from any claim by any other escrow agent, broker, or other party in connection with this Lease or exercise of the option under this Lease.

IN WITNESS WHEREOF, the parties have signed and delivered this **Randall School Lease with Purchase Option** as their act and deed.

WITNESS/ATTEST

LANDLORD

District of Columbia Public Schools

By: _____

Ms. Arlene Ackerman

Title: Superintendent

Address: DC Public Schools
825 North Capitol Street, N.E.
Washington, D.C. 20004

Date: 2/7/00

ATTEST:

TENANT

Millennium Arts Center, Inc., a non-profit corporation incorporated in the District of Columbia

By: _____

Title: President

Address: 1327 Corcoran St. NW
Washington DC 20009

Date: 2/7/00

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11/19/99

Exhibit B: Property Lease